



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 09-Dec-2020 | Report No: PIDC198877



BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P171760		Moderate	Enhancing Economic Opportunities for Rural Women
Region	Country	Date PID Prepared	Estimated Date of Approval
EUROPE AND CENTRAL ASIA	Uzbekistan	09-Dec-2020	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Government of Uzbekistan	Ministry of Support to Mahalla and Family Affairs	

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PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	2.73
Total Financing	2.73
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	2.73
Japan Social Development Fund	2.73

B. Introduction and Context

Country Context

Uzbekistan has accelerated the pace of its market-oriented reforms with a strong focus on building a competitive and liberalized economy and is in the midst of a significant transition from an inward oriented state led economic model to a more open, integrated and export driven economy. The Government of Uzbekistan (GoU) has adopted a five-year development strategy that significantly changes the role of the state in the economy to enable competitive markets, growth of the private sector, modernization of



agriculture and investments in human capital. Improvements in financial inclusion, social protection and service delivery are also a focus of the reforms. The Government has recognized the need for new drivers of economic growth, income generation and job creation for long-term sustainability of socio-economic gains.

To achieve its ambitious growth objectives, Uzbekistan will need to promote inclusive job growth at a much faster pace and more women and youth will need to join the labor force. However, there are structural barriers to women's participation in the labor force and rural women from low income segments are particularly vulnerable. Inactivity among women is more than double that for men at 48 percent for women and 22 percent for men. Women in the bottom 20 percent wealth quintile have the lowest employment rates amongst all Uzbek women. Only 37 percent of rural women attain education beyond secondary level as opposed to 49 percent of urban women which significantly affects the likelihood of as well as the sectors of employment. Women with vocational or tertiary education are predominantly employed in public sector jobs with formal wages while women educated up to secondary level or lower work in informal, unregulated, part-time, low paying jobs.

Micro and small businesses have played a key role in poverty reduction in Uzbekistan and offer a viable employment opportunity for rural women. Micro and small businesses accounted for 56.9 percent of the nation's GDP in 2016, up from 38.5 percent in 2005. The sector comprises 78 percent of all jobs (both formal and informal), and represents 61.6 percent of jobs in services and 98.2 percent of jobs in agricultural production. The number of women engaged in micro and small businesses are growing gradually from 21.7 percent in 2014 to 22.5 percent in 2017. In 2017, 42.3 percent of micro and small businesses were headed by women. The GoU recognizes micro and small enterprises as a key force for economic growth particularly for women and youth. However, gender constraints exist, including limited access to business networks that are male dominated, access to credits/loans due to the inability to provide collateral, and social norms including family obligations.

Sectoral and Institutional Context

Rural women in Uzbekistan face multiple barriers to entrepreneurship and employment—from social and cultural norms to access to finance and markets. Gender disparities in Uzbekistan manifest most strongly in women's positions in the labor force and employment with social stereotypes and patriarchal norms having a profound impact on women's access to opportunities and resources. Overall 66 percent of women in Uzbekistan with secondary education are economically inactive. Constraints include the burden of domestic responsibilities; limited availability and access to financial and business resources; low mobility and adoption of ICT; and lack of access to business networks that can mentor budding entrepreneurs. Time poverty is another challenge. Rural women spend 45.9 percent of their free time on unpaid domestic work, compared to the 16.6 percent of a rural men's time occupied by such activities.

Access to finance remains a major challenge to the growth of small and micro businesses. The challenge is further compounded for women owned SMEs as they grapple with socio-economic constraints. In 2015, only 17.3 percent of total microcredits were made to women entrepreneurs. Women-owned enterprises face



relatively higher challenges and tend to be smaller in scale due to limited capacity and access to resources. Small and micro-enterprise owners reported a lack of technical and business skills to scale up their businesses and become eligible for larger loans.

GoU launched the ‘Every Family an Entrepreneur’ (EFAEP) and the ‘Youth is Our Future’ programs in 2018 to boost self-employment and micro-entrepreneurship. These programs support new small and micro businesses as well as family entrepreneurship by providing concessional loans to target populations through participatory identification of local economic needs and opportunities. However, the programs rely on the existing bank channels that have limited expertise in working with less skilled, low income populations. COVID-19 crisis has exacerbated the vulnerabilities facing rural communities and women due to the loss of income from remittances, employment, and other sources; increased domestic care responsibilities; and increased risk of domestic violence. However, the ongoing GoU efforts in promoting inclusive entrepreneurship has a narrow focus on enabling access to credits and assets.

As the 2015 WBG gender strategy recognizes, stronger and better-resourced efforts are needed to address inequalities between females and males in access to jobs and control over productive assets. Closing gender gaps can help set countries on a sustainable path towards more diversified economies, higher levels of productivity and better prospects for the next generation. The proposed project aims to address these gaps by promoting inclusive business collectives that target less educated and skilled rural women and provide ongoing support through structured capacity building, improved access to finance and markets, onsite business development services and convergence with ongoing government programs and private sector initiatives. The project also seeks to address capacity building needs expressed by Mahalla or local government representatives for training programs that enable them to better support local economic development and women entrepreneurs.

The project will complement and strengthen the Government of Uzbekistan’s portfolio of women’s entrepreneurship support by targeting a package of financial and non-financial services to low-skilled, less educated women in rural areas to enable them to acquire the skills and assets needed to “graduate” to programs that provide more advanced forms of support, including those supported by the World Bank. The Bank is currently financing projects in rural Uzbekistan that focus on infrastructure and service delivery, and rural enterprise development by supporting SMEs in the farm and non-farm sectors through credit lines. The project will add value by making complementary investments needed to build demand side capacity, specifically of rural women from low skilled and low-income segments, to participate in and benefit from these and related programs.

Relationship to CPF

The proposed project is consistent with the newly adjusted Country Partnership Framework (CPF) for Uzbekistan and falls under the Focus Area 3: Investments in human capital and will support CPF’s higher level goals to support the growth of private sector and citizen engagement. The project directly addresses the CPF’s objective of gender inclusion to achieve Uzbekistan’s development objectives and focuses on rural



women, recognized as highly vulnerable by the CPF. The new project will support development of necessary social infrastructure for entrepreneurship and will benefit several other ongoing bank projects by working on demand-side capacity building. The project is in line with the Bank's gender engagement strategy that aims at intensifying efforts to provide alternative employment opportunities for rural women engaged in agriculture and supports initiatives that facilitate financing of innovations in micro-business, access to higher-value markets, credit, business support and training services.

C. Project Development Objective(s)

Proposed Development Objective(s)

The project's development objective is to increase economic opportunities for rural women in the project areas through skill development and improved access to finance and markets.

Key Results

The project will benefit approximately 3500 rural women in selected rayons of Ferghana and Jizzakh regions.

Project Outcome Indicators

- a. Number of livelihoods groups linked to business development services; Target- 300 livelihoods groups; Baseline-0
- b. Number of livelihoods groups functioning after 24 months; Target- 250 enterprises; Baseline-0
- c. Number of participants benefiting from new income generating opportunities; Target- 1500; Baseline-0

Intermediate Result Indicators

- a. Number of rural women mobilized into common interest and livelihoods groups; Target- 3500; Baseline- 0
- b. Number of women who complete skills training- 3500; Baseline-0
- c. Number of livelihoods support grants provided; Target- 100; Baseline-0

D. Preliminary Description

Activities/Components

Component 1: Livelihood Group Formation and Enterprise Support

This component will support the participatory community engagement and mobilization of low skilled and low-income rural women into Women Development and Enterprise Groups (WDEGs), initial training and capacity building, orientation of local government institutions and CSOs, market diagnostics, and participatory investment planning.



Participatory mobilization of Women Development and Enterprise Groups (WDEGs): The objective of this activity is to facilitate mobilization of rural women from neighborhoods within mahallas into enterprise groups and to support initial training and capacity building. Trained community mobilizers (CMs) recruited from CSOs will support the mobilization of local women into WDEGs and the basic training in financial literacy, life skills, management of meetings, record keeping and team building. These WDEGs will have the express goal of supporting the new or enterprises) of women members.

Market Diagnostics, Skills Development and Participatory Investment Planning: All groups will be linked to the Regional Business Incubator facilities developed under Component 2. Community business promoters (CBPs) will support the onsite technical training and capacity building of groups for business incubation and development. During the first 3-6 months, CBPs will impart training on business and digital literacy and will support WDEGs in undertaking participatory appraisal of enterprise opportunities available in their area. This exercise will involve local mahalla and CSO representatives to map potential resources available under various government programs and donor funded initiatives. All groups will be facilitated to prepare group level business opportunity assessments that document existing income sources, education, skill levels and entrepreneurial aspirations of members and market opportunities. These assessments will serve as base information for planning enterprise activities in a rayon and will be digitized to bolster baseline information for member households. Training needs assessment pertaining to the chosen set of enterprise activities will be facilitated by the regional incubation units.

WDEGs will be trained on basic business skills, key aspects of enterprise management, usage of ICT tools for business management and accounting as well as technical training related to the businesses set up. All women entrepreneurs supported under the project will be oriented to use ICT applications to regularly record basic business information including turnover, expenditure and emerging training and investment needs. Regional Incubators will be equipped to undertake real time data analytics to develop enterprise profiles and offer support as needed. Relevant information will be shared with financing institutions to facilitate better access to credit on favorable terms.

Community Engagement will be a key instrument to encourage greater voice and agency within the community for WDEG members and to develop their ability to take decisions and act upon it working with local governments and other stakeholders. The women will be capacitated to undertake community vulnerability mapping. This will map the situation of their communities in terms of basic services and social issues. Each WDEG will be based on their interests identify the issues that they would like to address for instance solid waste management etc. An action plan will be developed and implemented to find solutions to these issues in partnership with local governments.

Component 2: Business development support, linkages, and investment grants

This component will support activities aimed at integrating women's enterprise development groups into the rural enterprise development ecosystem that is emerging in the country.

This activity will link livelihoods groups with regional business incubators to provide onsite business development support, and the regional incubators will identify potential avenues for marketing products



and services emerging out of supported enterprise clusters. The regional incubation facility will serve as an information and knowledge hub to maintain up to date information on all WDEGs and their enterprises. The unit will serve as a base for business support services and technical trainings for WDEGs within the region and will support two-way linkages with public as well as private sector initiatives to leverage support around financing, training and mentoring and market linkages. The incubators will also be responsible for training of CBPs as well as key institutional stakeholders including mahalla representatives and CSO partners to support local economic development.

Community Business Promoters (CBPs): The component will support the training and deployment of business promoters to support on site capacity building and business development services to WDEGs. CBPs will function as the bridge between the regional incubator facilities, the innovation system and WDEGs on the ground, facilitating flow of information and knowledge both ways.

Matching Livelihoods Group Investment Grants: Bolstered by market diagnostics and appraisal by CBPs, each group will update the assessment into a business plan that outlines group investments in identified sectors. Each WDEG will be eligible to receive catalytic grants in form of an enterprise investment grant. The matching grant will be released after grading each group on their performance and on the completion of business skills training and technical training for the businesses selected. This training will be provided by the CBPs supported by private sector value chain players. The matching grant is aimed at incentivizing well performing groups with additional capital to support asset building and working capital for their enterprises.

Enhancing access to credit and financial services, partnership and private sector linkages: The incubators will develop and maintain a comprehensive Enterprise Management Information System (EMIS) to monitor and analyze business performance and to support linkages with banks and other financial institutions. Furthermore, the project will actively work towards developing meaningful linkages with ongoing World Bank projects and will seek linkages with private sector for skill development, mentoring and links to value chains. Regional Incubation Centers and later on the institutional network of WDEGs will function as platforms to bridge market information gaps through regular buyer-seller meets that enable sharing of information on available products as well as emerging market demands.

Component 3: Project Management and Administration, Monitoring and Evaluation and Knowledge Management

A project coordination unit (PCU) will be established within the Ministry of Mahalla and Family Affairs to coordinate implementation activities, and the component will finance the goods, technical assistance, consulting services, training and operational costs for PCU and other relevant agencies as appropriate to facilitate implementation of the Project. The component will also finance the project M&E, and will adopt a participatory and robust monitoring, evaluation and learning framework that focuses on proactive monitoring and adaptive learning. A robust baseline will be prepared at the beginning of the project through a combination of group level plans and secondary data sources available. Knowledge that is accumulated will be shared actively throughout the life of the project. A knowledge management specialist will be contracted to consolidate lessons learned throughout project.



Environmental and Social Standards Relevance

E. Relevant Standards

ESS Standards

Relevance

ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Not Currently Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

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Legal Operational Policies

Safeguard Policies

Triggered

Explanation (Optional)

Projects on International Waterways OP 7.50

No

Projects in Disputed Areas OP 7.60

No

Summary of Screening of Environmental and Social Risks and Impacts

The project recognizes the following standards: ESS 1, ESS 2, ESS3, ESS4 and ESS10. Environmental and social risks are rated 'Moderate'. The project aims to increase economic and market opportunities for women from low-income households in rural areas of Ferghana and Jizzakh regions. Activities will deliver community outreach and mobilization, livelihoods group formation, enterprise support, enhanced market knowledge sharing, skills development, trainings, etc. Simultaneously, micro-entrepreneurship support grants (Subcomponent 2a) will support various micro and small-scale women-led businesses such as poultry farming, backyard farming, handicrafts production, food processing, horticulture, apiculture, childcare, wellness or tourism services and others identified by women during project implementation. As a result, this is expected to result in huge positive social benefits. However, apart from exclusion related social risks, some minor adverse environmental and social disturbances could occur : increased environmental pollution with wastes, dust, noise, air pollution, health hazards and labor safety issues, but they are likely not to be



significant. Impacts are expected to be small-scale, site-specific, predictable, and controlled if appropriate precautionary measures are taken. The grants will not finance civil works. Considering that these grants will range from only \$5,000-\$15,000 per business and limited total funds for the grant's component, environmental risks and impacts would be managed through simple environmental and OHS management plan templates, integrated with local environmental documentation as appropriate to type and scale of funded activity. Combined, these environmental due-diligence and management tools will have covered the requirements set forth in the World Bank Environmental and Social Framework and Uzbekistan national legislation on environmental impact assessment. Inclusion/ Exclusion will be addressed by developing, and adhering strictly to, eligibility criteria in the selection of the beneficiaries. Eligibility criteria as well as implementation mechanisms shall form a part of the overall project designing and made explicit in the POM. Further a labor management procedure (LMP) shall be developed as a part of the POM to ensure compliance with ESS 2.

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Borrower/Client/Recipient

Borrower : Government of Uzbekistan

Implementing Agencies

Implementing Agency :	Ministry of Support to Mahalla and Family Affairs		
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